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SUBJECT: PRC TAIWAN AFFAIRS OFFICE DIRECTOR TELLS EAP DAS
CHRISTENSEN THAT TAIWAN'S UN REFERENDUM IS THREAT TO PEACE

Classified By: Political Minister Counselor Aubrey Carlson.
Reasons 1.4 (b) and (d).

Summary

1. (C) Taiwan President Chen Shui-bian's planned referendum on joining the UN under the name of Taiwan is a poorly disguised means of achieving Taiwan independence, may threaten the peace and security of the entire Asia-Pacific region, and must be stopped, State Council Taiwan Affairs Office Director Chen Yunlin told visiting EAP DAS Christensen on July 4. China will never tolerate efforts to split Taiwan from the mainland, Chen declared, asserting that we are headed toward the "brink of a crisis." The United States should stop Chen Shui-bian from going forward with the referendum, and must do so soon, before the DPP acquires the 820,000 signatures necessary to place the referendum on the ballot. Once that happens, it will be much more difficult and costly to stop Chen Shui-bian from moving forward. Noting that the situation is "extremely serious" and that he is "full of anxiety," Chen said that China does not want to see a military conflict and will not take any "irresponsible actions." Nevertheless, if the United States cannot manage the situation, then China will, with Chen Shui-bian being responsible for any "consequences," including bloodshed. China only wants to stop Taiwan's provocations and "avoid a disaster," Chen said. DAS Christensen, reiterating our one China policy and recounting our publicly stated opposition to the referendum, cautioned against overreacting. The referendum is a symbolic act with little practical effect on Taiwan's status. All sides, including the PRC, have a responsibility to maintain peace and stability in cross-Straits relations, Christensen said. End Summary.

Referendum: Independence Plot in Disguise

2. (C) Taiwan President Chen Shui-bian's planned referendum on joining the UN under the name of Taiwan is a poorly disguised plot designed to change the status quo and achieve Taiwan independence, State Council Taiwan Affairs Office Director (Minister-equivalent) Chen Yunlin told visiting EAP DAS Thomas Christensen on July 4. Chen Shui-bian wants to use Taiwan public opinion to obtain a "mandate" that he can then use to ram through Taiwan's legal independence despite existing obstacles, and to change Taiwan's official name to the "Republic of Taiwan." Chen's true, dishonest intentions are clear. The PRC is well aware that the majority of Taiwan people support joining the UN, as has long been the case. Therefore, there should be no need to hold a referendum on UN membership, if that were the referendum's real purpose. The real purpose is to get a public mandate that Taiwan is a state with the name Taiwan, not to join the UN. As early as April of this year, China saw this coming and warned Washington about the referendum. Now China's fears are being realized. Of course, Chen Shui-bian is also pushing the

referendum as a way to ensure a DPP victory and thereby prevent his prosecution on various charges after he leaves office. But it is obvious that his true intention is to push Taiwan's de jure independence, Chen declared.

Chen Shui-bian's Detailed Plan

13. (C) Chen Yunlin described the PRC's understanding of Chen Shui-bian's detailed plans for pressing the referendum issue in the coming weeks. On June 29, the KMT-controlled Referendum Review Committee rejected the DPP-proposed referendum. The DPP now has up to 15 days in which to overturn that decision via "administrative means" by appealing to the Executive Yuan's petition committee. Once that original decision is overturned, the DPP plans to quickly collect the 820,000 signatures necessary to place the referendum on next year's presidential election ballot. The DPP plans to have the necessary signatures by the end of August 2007, hoping to collect more than one million, and perhaps as many as two million. The DPP then hopes to organize a huge march and rally in support of the referendum in July or August, involving perhaps as many as one million people. At the DPP party conference at the end of August, Chen Shui-bian hopes to use the success of the signature campaign to push through a resolution that would revise the DPP party charter to state that Taiwan is a "normal, independent, sovereign nation" called the "Republic of Taiwan." These are more than just word games, Chen cautioned, noting that if such changes are made to the party charter, all DPP members would be obligated to say that Taiwan is an independent country, and all campaign efforts would need to be consistent with that objective. Moreover, in the process of collecting signatures for the referendum

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petition, the DPP will collect the names, addresses and family information of all supporters of the referendum, which can be used to pressure them to support future pro-independence initiatives and actions.

14. (C) If the referendum were to pass next year, Chen Shui-bian plans to say that he has the public's approval for creation of an independent, sovereign "Republic of Taiwan," Chen Yunlin continued. This is not what people would have signed up or voted for, Chen said, commenting that Chen Shui-bian's plan is to "coerce" and "trick" the public into supporting his independence goals by "deliberately misrepresenting" his true intentions. Regardless, once he has a successful referendum result in hand, Chen would then immediately push to revise the Constitution and pass relevant laws to change Taiwan's name. He may even be able to say that an overwhelming referendum result "overrides" any "normal" constitutional obstacles he would face in the Legislative Yuan, because the people had already spoken through democratic means. Even if the KMT were to win the presidential election, passage of the referendum would be an extremely serious matter going forward, constraining a KMT government and making it vulnerable to arguments that it must "follow the people's will" on Taiwan independence. This is an "extremely serious" and "potentially explosive" situation, Chen said, asserting that we are headed toward the "brink of a crisis." Reiterating the seriousness of the situation and stating that he was "full of anxiety," Chen said we should not underestimate the gravity of the matter.

U.S. Influence Over Taiwan

15. (C) The United States has sufficient influence in Taiwan to stop Chen Shui-bian from proceeding with the referendum, Chen Yunlin asserted. In 2004 and again in 2006, U.S. pressure moderated provocative Taiwan actions. In 2004, the USG influenced Taiwan's holding of a referendum on acquiring missile defense, and in 2006 Washington was able to manage the aftermath of Chen's nullification of Taiwan's National

Unification Council and National Unification Guidelines. This time around, DPP leaders are attempting to incite Taiwan public opinion against the United States by calling Washington a "bully" and proclaiming that they are not afraid of the United States. In reality, Chen Shui-bian is quite fearful of Washington's reaction. Internally, some DPP leaders are saying that the United States may oppose the referendum publicly but would not in reality act to stop it. However, if the USG were to take "strong action," DPP leaders would reconsider their present course, Chen claimed. China hopes the United States recognizes Chen Shui-bian's true intentions. His goal is to ruin cross-Strait relations and create a crisis to further his own political aims. This is "exceptionally serious," Chen said.

China Will Not Tolerate the Referendum

¶16. (C) This referendum is entirely different, and much more serious, than the provocative actions Taiwan took in 2004 and 2006, Chen averred. This time, Taiwan is taking steps that directly affect China's territorial integrity, sovereignty and national unity. The Chinese people simply will not tolerate the referendum. On issues of sovereignty and territory, China has no room to compromise. China firmly opposes all efforts to separate Taiwan from the mainland. Chen Shui-bian's UN referendum is a "separatist situation" (fenlie shitai) that China cannot accept, he said.

¶17. (C) The PRC does not want to see a military conflict, and the PRC will not take any "irresponsible" actions that would harm regional peace and security. Moreover, in light of the major events in China of the next few years, including the 2008 Olympics and the 2010 Shanghai Expo, China would "have to be crazy" to exaggerate the threat posed by Chen Shui-bian's actions. But the reality of that threat is real. Despite the PRC's "utmost efforts" to improve cross-Strait relations, many in China feel they have reached the "limit" of their patience. Chen Shui-bian is sorely mistaken if he thinks that China is weak, or lacks resolve, simply because the Olympic Games are approaching. If Chen Shui-bian chooses to move forward with independence, then negative consequences, including the use of force, might be "very hard to avoid."

PRC Goals

¶18. (C) To stop Chen Shui-bian, Chen reiterated China's hopes that the United States will exercise its influence over Taiwan. Given our common interests in preventing conflict in

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the Taiwan Strait, the United States and China should work together, along with many like-minded countries, to mobilize the international community against Chen Shui-bian's actions, just as was done regarding North Korea's nuclear problem, he said. We must act quickly, given the momentum that will be created by the campaign to collect petition signatures over the next several weeks. If the United States cannot manage this problem, then China will. It is not that China does not have the ability to handle the situation. But, China would prefer to solve the problem early, when the costs for China are lower. If the United States is unable to control Chen Shui-bian, then the Taiwan President alone will bear responsibility for any subsequent "consequences." China's goal is to stop Taiwan's provocations and prevent a "disaster," nothing more, Chen said, stating that China is not trying to pressure Chen Shui-bian into negotiations or unification. China is focusing on Chen's actions, not his words. Chen has said several times that Taiwan is an independent, sovereign country, while the PRC has stood by. Now he is taking actions to actualize those words, and China's worst fears are being realized, Chen Yunlin averred.

"Wrong Signals"

¶9. (C) In this sensitive atmosphere, it is particularly important that the United States not send any "wrong signals" to Taiwan, Chen told DAS Christensen. This includes allowing transits of Taiwan leaders, such as Vice President Annette Lu, and the invitation of DPP presidential candidate Frank Hsieh, whom Chen Yunlin deemed to be a "dangerous man." Chen passed to DAS Christensen a paper listing a series of comments Hsieh has made recently in support of Taiwan independence and the UN referendum. Chen said he was concerned that Hsieh would try to convince the United States to support Taiwan's holding of the referendum. Even if Hsieh were not successful, Chen worried what the United States would say publicly to ensure that Hsieh does not falsely tell the Taiwan public that the United States supports the referendum.

¶10. (C) DAS Christensen responded by reiterating the United States' one China policy based on the three joint communiques and the Taiwan Relations Act. The United States has publicly stated its opposition to the referendum because it "appeared designed" to change the status quo. But, in fact, even if a referendum were held and it passed, it would not change Taiwan's status in any practical sense. Christensen cautioned against overreacting to such purely symbolic electoral tactics. Our invitation to Frank Hsieh to visit the United States is an opportunity for the two sides to exchange views, and China should not oppose such travel. We respect Taiwan's democracy and do not support one candidate over another. We have invited Ma Ying-jeou to the United States as well. China should bear in mind that any cross-Straits conflict would involve great costs and dangers for China and would certainly destroy all of the significant progress that we have achieved in the past several years in our bilateral relations. DAS Christensen said China should also be aware that its own behavior, including recent attempts to limit Taiwan's international space and its fast-paced military buildup across from Taiwan, has had a counterproductive impact on Taiwan public opinion, increased support within Taiwan for Chen Shui-bian's referendum proposal and destabilized cross-Straits relations. Christensen asserted that all sides have a responsibility to maintain peace and stability in cross-Straits relations, including the PRC.

¶11. (C) Chen Yunlin replied that he understood DAS Christensen's logic but thought it was dangerous, especially if these ideas were shared with Taiwan. The United States may think that it can allow Chen Shui-bian to have his referendum and still restrain him later, but it cannot, and this is a dangerous way to look at the problem. Chen Yunlin said he initially planned to travel to the United States in July, but thought he could now delay a trip until September, having shared his thoughts with DAS Christensen.

¶12. (U) DAS Christensen has cleared this cable.
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